

Dear Chairman Kunasek:

Last May, the Arizona Water Company applied to the Arizona Corporation Commission for a tariff on effluent. This tariff would have applied to 17 of the company's water systems throughout Arizona. The Commission denied this request, but recommended Arizona Water submit separate filings for effluent sales so that the Commission could make independent decisions based on the particulars of each certified area and the agreement which Arizona Water plans to secure the effluent.

Please recognize the City of Sedona is opposed to granting the Arizona Water Company a tariff on effluent that would apply to the Company's local system. The City is taking this position for several reasons. First, Sedona's effluent is property of the City. It is produced and processed at the City's wastewater treatment facility. The effluent is treated according to federal standards and is safely and properly disposed of.

In addition, the City has a non-exclusive franchise with the Arizona Water Company. This agreement recognizes the right of other companies to provide service to the City. In fact, the City is currently served by two water companies. As a result, the City's effluent comes from multiple sources, it is not produced solely by the Arizona Water Company.

The City of Sedona is opposed to the Arizona Corporation Commission granting a tariff that would allow the Arizona Water Company the right to sell effluent exclusively in the City of Sedona.

Sincerely, Wrew

Alan Everett Mayor

cc:

Brian McNeil, Executive Secretary Deborah Scott, Director, Utilities Division Lyn Farmer, Chief Legal Counsel Bob Mitchell, Mayor, City of Casa Grande